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EDITORIAL

Integrating Green Finance and Circular Marketing to Enhance Banking Sustainability

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Abstract

The global banking sector is witnessing a growing trend towards integrating circular economy principles into its marketing strategies, in parallel with the adoption of green finance initiatives aimed at supporting environmentally friendly projects. Integrating green finance and circular marketing represents a new path to enhancing banking sustainability. Green finance not only supports the environmental transition but also contributes to redesigning the value chain within banks according to the principles of reuse, waste reduction and extending the life cycle of banking products and services. Green finance initiatives such as green bonds, environmental loans and financing linked to sustainable performance indicators stand out as tools that enhance banks' ability to implement circular marketing models focused on long-term sustainable value. This integration contributes to improving corporate reputation, attracting environmentally conscious consumers and enhancing stakeholder confidence. However, this approach faces challenges in measuring circular impact, ensuring environmental credibility, and complying with regulatory standards. Theoretical findings confirm that integrating green finance with circular marketing presents a strategic opportunity for banks to enhance their competitiveness and establish a sustainable banking approach based on innovation and minimizing environmental impact.

Key Words: *Green finance; Circular marketing; Circular economy; Banking sustainability; Green bonds*

1. Introduction

In recent years, the world has witnessed profound shifts towards the green and circular economy, which has directly impacted the banking sector, requiring it to assume new roles beyond its traditional lending and financing functions. With evolving environmental awareness among consumers and intensifying competition among banks, green finance has emerged as a key driver for promoting sustainable performance. Green finance bridges the gap between environmental concerns and the financial world, enabling capital to flow towards solutions that combat climate change and create a more sustainable future [1].

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Green finance encompasses financing climate-friendly products and services, but it is broader, including financial flows for projects aimed at mitigating climate change and those that promote environmental sustainability [2]. Circular marketing has emerged as a modern trend seeking to redesign marketing processes according to the principles of the circular economy, by extending the lifecycle of banking products, reducing waste and maximizing value [3]. This integration of green finance and circular marketing is not merely an update to operational tools, but a strategic shift reflecting banks' ability to anticipate the future and commit to their environmental and social responsibility.

Consequently, the integration of these two approaches has become a cornerstone for promoting sustainability, encompassing environmental, economic and social dimensions [4]. Circular marketing includes new and advanced approaches to product use, waste reduction, and environmental stewardship, and it encourages the shift from traditional linear economies to circular economies [5]. The circular economy is presented as an economic model that seeks to move beyond the linear "produce, consume, dispose" approach, proposing instead a system based on reuse, recycling and resource renewal [6].

Within the context of the circular economy, these strategies transcend traditional methods by incorporating elements such as sustainability, responsible consumption, and environmental impact. Circular marketing, based on eco-design and transparent communication about the product lifecycle, and green marketing are prime examples that highlight marketing's ability not only to boost sales but also to educate consumers and raise their awareness of the importance of adopting more sustainable habits [7].

2. Green Finance as a Starting Point for Banking Transformation

Green finance is defined as all financial measures and activities that have a positive impact on the environment and are undertaken by various economic institutions to ensure the preservation and conservation of environmental resources for future generations [8]. Green finance represents an investment framework aimed at supporting projects that contribute to reducing carbon emissions and enhancing resource efficiency. Its main tools include [9]:

- **Green bonds:** Green bond financing refers to the issuance of bonds dedicated to raising funds for projects with positive environmental benefits [10].
- **Investment in renewable energy projects:** This involves investing in various projects, including solar and wind energy, in line with national policies and green financing for sustainable infrastructure [11].

This transformation has prompted banks to integrate Environmental, Social and Governance (ESG) principles into their lending and investment operations, linking their long-term financial objectives to environmental goals. Adopting these principles sends a clear message reflecting an institutional commitment that enhances the bank's image and strengthens its ability to attract sustainable clients and investors.

3. The Impact of Green Finance on Circular Marketing

The application of green finance in banks has reshaped the marketing system towards adopting the principles of the circular economy. The most important impacts can be summarized as follows:

3.1. Redesigning marketing value

Green finance leads to the adoption of circular marketing practices by designing reusable banking products or continuously developing digitally, creating services with longer lifecycles and reducing waste in traditional marketing processes. This enhances long-term sustainable value for the customer, as circular marketing for banks seeks to address environmental problems, conserve resources and reduce pollution [12].

3.2. Enhancing corporate reputation

Green finance contributes to supporting circular marketing campaigns that focus on transparency, environmental disclosure, measuring the impact of operations and commitment to the circular economy. This enhances the bank's credibility with customers and regulatory bodies.

3.3. Attracting the circular consumer

A growing segment of customers seeks institutions that strive to reduce waste and recycle resources. The circular consumer is a highly environmentally conscious consumer who primarily acts based on their values, refraining from purchasing any product or brand with questionable environmental practices or a history of environmental damage and who believes in recycling [13]. Green finance helps banks provide financial products that align with this trend, such as low-carbon digital accounts, paperless banking services and loans that incentivize circular business practices [14].

3.4. Innovation in green banking

Green finance enables the development of new services that comply with the principles of the circular economy, such as financing dedicated to recycling projects, green financing for low-waste projects and financing for companies that produce environmentally friendly products that protect the environment, the consumer and society [15]. Investing in projects that support the circular economy is crucial, as these technologies enhance the reliability of green finance and add circular value to banking products. The circular economy has become a necessity due to environmental pressures, resource scarcity, and increasing pollution [16]. Sustainability has become essential for rationalizing resource use, reducing waste, and promoting reuse through innovation [17].

4. Challenges Facing Banks in Integrating Green Finance with Circular Marketing

Despite the numerous advantages, banks face several challenges, most notably the difficulty in measuring circular impact. Different methods for measuring the service lifecycle hinder the standardization of performance indicators. Furthermore, there are risks associated with pseudo-circular marketing, where some institutions may exaggerate their circular efforts without any real impact, thus undermining customer trust. Customer awareness is also limited, as some may not understand the importance of circular marketing or the impact of green finance on sustainable development. Despite these challenges, integrating the two approaches remains an indispensable strategic option for banks seeking to achieve comprehensive sustainability.

5. Conclusion

The integration of green finance and circular marketing represents an advanced stage of strategic transformation in the banking sector. This integration reshapes business models and strengthens banks' commitment to environmental, social and economic sustainability. It also contributes to the development of innovative services that reduce waste and maximize the circular value of banking products. With escalating climate challenges, this integration is expected to become a central pillar of future banking strategy, not only to enhance competitiveness but also to build a financial system that supports a sustainable and circular economy. This transformation is a moral commitment and a shared responsibility towards society and the environment.

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